



北京大學
汇丰商学院

Peking University HSBC Business School

Course Code MGT 519
THE BOARD OF DIRECTORS (公司董事会)
Module 4, 2018-2019

Course Information

Instructor: ZHU Hong, PhD

Office: PHBS Building, Room 666

Phone: 86-755-2603-3781

Email: zhuhong@phbs.pku.edu.cn

Office Hours: 3:00-5:00pm Wednesday & By Appointment

Teaching Assistant:

Phone:

Email:

TA Office: PHBS Building, Room 213/214

TA Office Hours:

Classes

Lectures: 8:30-10:20am, Tuesday & Friday

Venue: PHBS Building, Room

Wechat Group:

2019 BoD Course

Course Description

1.1 Context

Course overview

Traditionally board is supposed to take a governance role in companies. Yet, change is coming. Boards are increasingly taking a more active role in strategic decisions that once belonged solely to the Chief Executive Officer (CEO). So, it is essential to understand how boards could contribute effectively to strategic decision making. This course aims to provide a comprehensive understanding of board of directors and how they effectively make strategic decisions in addition to oversight.

This course will cover

1. Chartered Financial Analyst (CFA) materials related to boards.
2. Boards in mergers and acquisitions (M&As)
3. Boards of established firms vs. startups
4. Boards of Chinese firms and firms headquartered outside of China

Prerequisites

Students are required to have completed at least one management course at master/undergraduate level. If students do not meet the prerequisite requirement, you must show the evidence that you have adequate academic backgrounds to the instructor for the approval.

1.2 References and Reading Materials

Course materials will consist of four areas: (1) References; (2) Harvard cases; (3) CFA materials; (4) Powerpoint slides.

(1) References

One set of the following two references is available at Office 114. You can contact Allison at office 114 to borrow these references.

Ram Charan., Dennis Carey, Michael Useem. 2013. *Boards That Lead: When to Take Charge, When to Partner, and When to Stay Out of the Way*. Harvard Business Press.

Brad Feld, Mahendra Ramsinghani. 2013. *Startup Boards: Getting the Most Out of Your Board of Directors*. Wiley Publisher.

Larcker, D. & Tayan, B. 2011. *Corporate Governance Matters: A Closer Look at Organizational Choices and Their Consequences*. New Jersey: Pearson Education, Inc.

(2) CFA Materials

CFA Institute. 2018. Corporate Governance, the Level 1 CFA Program.

(3) Cases

Harvard cases, one Columbia case and two Ivey cases will be distributed one week before case discussions. .

(4) Powerpoint slides (PPTs)

PPT slides without answers will be sent to you one week before the lecture.

PPT slides with answers will be emailed to you after each week.

Recommended Readings: I recommend that you read (or browse) a major business newspaper (e.g., *the Wall Street Journal* or *Financial Times*) on a daily basis. You have heard the phrase “readers are leaders.” This is true assuming the reading is relevant. There is a lot to choose from so choose wisely. Most people do not read; this will be a habit that will set you apart.

5. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	No
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes
	2.2. Students will be able to apply leadership theories and related skills.	Yes
3. Our graduates will be	3.1. In a case setting, students will use	Yes

trained in ethics.	appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	
	3.2. Our students will practice ethics in the duration of the program.	Yes
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes
	5.3. Our students will demonstrate competency in critical thinking.	Yes

2.2 Course specific objectives

This course contains the frontier academic research, a number of examples, and classic and latest Harvard and Ivey cases, regarding board of directors of both established firms and new ventures. The goals of this course are to (1) facilitate students to develop a solid and comprehensive understanding of board of directors including their composition, structure, and decision making in board rooms, etc, (2) offer students fine-grained analyses of how the board monitors, partners with, or leads the management to create value for firms, and (3) prepare students with the knowledge of roles of boards of directors in different stages of firms including startups and established firms. Armed with such in-depth understandings of board of directors, students are more capable of shouldering responsibilities in both startups and established organizations increasingly competing in the global market.

2.3 Assessment/Grading Details

	Assessment Task	Weighting
I	Class Participation	10%
II-1	In-Class Group Case Analyses: Oral Discussions and Written Reports	20%
II-2	In-Class Group Case Analyses: Peer Evaluation	8%
III	Final Individual Report	25%
IV-1	Final Group Project: Presentation	25%
IV-2	Final Group Project: Peer Evaluation	8%
V	Effective Group Leaders	4%
	Total	100%

*Assignments submitted after the due time will be penalized 10% of the base grade for each 24-hour late.

I. Class Participation (10%)

Please plan to treat this course as an opportunity to practice the professionalism that will serve you well during your career. You owe yourself and your fellow students your presence in the classroom. Meanwhile, please note that nonprofessional behavior (i.e. sleeping in class, chatting with your neighbors during the class time, showing up late to class, reading materials other than those assigned for this class, leaving class early, failing to turn cell phones off, passing notes, eating, rudeness,

sarcasm, discrimination, etc.) that creates a distraction is likely to inhibit both your own and your peers classroom learning. As such you can expect that the demonstration of unprofessional behavior will negatively impact your grade in class participation.

Please also note that attendance is a necessary but insufficient condition for participation in a timely manner; this means that simply attending the class is not the same as participating. Participation will be graded on the basis of the quantity and quality of an individual's contribution to classroom discussion. In fact, we learn best when we are actively involved in the activity we are attempting to master (consider riding a bicycle, studying dentistry).

Being well prepared for class is a prerequisite for high quality involvement, which in turn better enables you to maximize your learning. Hence, it is virtually important and it is also your responsibility that you always have read in advance the materials that will be covered during the class. Your level of preparation for this class will determine your success. Please come to class prepared. **Please inform TA the number of times you provide your opinions in each lecture in the end of each lecture.**

***Note: THE MA OFFICE WILL RANDOMLY CHECK YOUR ATTENDANCE.**

*Students with the University approved excuse (e.g., valid medical proof) will have his or her absence excused for that day. Besides, it is the responsibility of the absentees to consult their peers about what were covered in the class.

II-1. In-Class Group Case Analyses: Oral Discussions and Written Reports (20%)

Group members: To ensure students to experience sufficient interactions with each other and to experience group dynamics, group members will be different across FIVE group case discussions. Group members (4-6 members) will be assigned by the Professor at least one week before each group case discussion. TA will send you the seating chart indicating groups through emails/wechats one week before each group case discussion.

Group leaders: (1) You are encouraged to voluntarily be a group leader. Please email TA your preference for being a group leader one week before the case discussion. If TA does not receive such preferences, TA will assign a group leader. (2) Group leaders will be responsible for (a) taking a laptop to the class; (b) coordinating group discussions; (c) leading the group to discuss the case with other groups. You can agree or disagree with other groups' opinions. If you disagree, you need to tell the rationale. You are welcome to provide different insights; and (d) submitting a written report to case discussion questions with * before 6:00pm of the day when the case discussion ends.

Pre-class preparation: Each group member has to read the case and think about case discussion questions INDEPENDENTLY before class.

In-class group case discussions: In class each group member will discuss your thoughts with your group members; and then groups will exchange ideas.

Post-class written report submissions: Each group needs to hand in written answers (1-page) to discussion questions with * before 10:00pm of the day when the case discussion ends.

Grading criteria: In the end of the class, the professor will randomly pick up two cases; and grade your group performance in class discussions (10%=5%*2 cases) and written reports (10%=5%*2 cases). The grade is based on your active and quality participation in class discussions and correct understandings of the concepts and theories, and the breadth and depth of your analyses in written reports.

II-2. In-Class Group Case Analyses: Peer Evaluation (8%)

In the end of each case discussion, each group member is required to evaluate every group member's contributions to this case's in-class oral discussion and written report. Please refer to Appendix A. In the end of the course, your peer evaluation grade is the average of the peer

evaluation scores you receive for all five cases.

III. Final Individual Report (25%)

In the end of the class each student is required to submit an individual report. The final individual report is the reflection of what you have learned in the course. There are a number of topics/issues that can be addressed in your individual report. Several possible topics are provided below, though they need not be limited to these.

- (1) Among corporate boards we discuss in lectures and case discussions, which one is most effective in your view? Why?
- (2) Do you agree that it is better to consolidate the position of the CEO and Board chair? Why?
- (3) Do you think that the board should include more executives in addition to the CEO? Why?
- (4) How does the board play a role in mergers and acquisitions (M&As) or cross-border M&As?
- (5) Who are qualified to be board members? Why?

Grading criteria: The individual report is no more than *two-page* long excluding the cover page with your name, student ID number and individual report title, and references; and typed in *single-space and 12 point Times New Roman*. Please provide your references to the facts/data in your writing. *Please email your individual report to TA and copy the email to the Professor before the end of the last lecture.* The Professor will grade your individual report based on the relevance and accuracy of your contents, the logics, rationales and depth of your analyses, the format and your diligence shown in the report.

IV-1. Final Group Project: Presentation (25%)

To facilitate students' awareness about, and sensitivity to boards of directors in the business world dynamics, as well as apply what is learned throughout the course, students are required to form groups and prepare a group case presentation.

Group members: Please email TA your group members (4-6 students) and the group leader before Week 5. If TA does not receive your preference, TA will assign students into different groups with group leaders.

Group leaders will be responsible for (a) assigning tasks among group members; (b) calling for group meetings to discuss the final project; (c) coordinating among members and facilitating the completion of the final project before the deadline; and (d) submitting the PPTs on time and making sure the quality of the presentation.

Topics: The principle is "first come, first served." Please email TA the name of the boards of directors of your final presentation as soon as you could.

Contents: Your group presentation should include the following parts:

- (1) A brief introduction of a board chair/lead director /corporate board; and the affiliated company.
 - a) The board chair/lead director /corporate board in your final group project should not be discussed in lectures and case analyses.
 - b) Groups should analyze different board chair/lead director /corporate board. The principle is "first come, first served."
- (2) An analysis of several key aspects of the board chair/lead director /corporate board. For example,
 - a. Do you think this is an effective board in monitoring the behaviours of the CEO? Why?
 - b. Do you think the board chair/lead director is qualified? Why?
 - c. What are the criteria to be a board member?
 - d. How does the board partner with the CEO to make wise strategic decisions?
 - e. What are the problems associated with the composition of the board?
- (3) Conclusion

Submissions: Please email TA your PowerPoint slides two days before your presentation.

Presentation: The sequence of the presentation follows the alphabetical sequence of each group leader's surname. The presentation will last 15-20 minutes excluding 3-5 minutes Q&A session.

Grading criteria include: accurate understanding of concepts, relevancy to the course, critical thinking, quality of your analyses, presentation quality, formal business dress, the quality of the answers to the questions, and completion of the presentation within time limit. Marks will be deducted if the time limit is exceeded.

IV-2. Final Group Project: Peer Evaluation (8%)

In the end of your final group presentation, each group member is required to evaluate each group member's contributions to the final group project. Please refer to Appendix B.

V. Effective Group leaders (4%)

In the end of your final group presentation, each student is required to provide a list of names of students whom you consider as effective group leaders in FIVE case discussions and final group projects. If the student is nominated, the student will receive 3% in the final grade.

2.4 Communications

TA will be responsible for creating a wechat group for this course. Each student is required to join the wechat group. Each student should use his/her real name (Chinese/ English names in this wechat group). Announcements will be posted through the wechat.

In Week 2, each group leader of Case 1 will be responsible for submitting a group photo indicating each member's Chinese name and English name to TA and copy the email to me. The photo should clearly show each member's face and manner.

2.5 Academic Honesty and Plagiarism

Course materials and assignments

1. Please do not share course materials with students who do not register for the course.
2. Please complete your assignments by yourself.

If you violate the above regulations, please refer to Handbook for PHBS students for relevant punishments as shown below.

Handbook for PHBS students

Please refer to Handbook for PHBS students. It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

Topics, Teaching and Assessment Schedule (*The temporary one: we will adjust the schedule on the basis of our progress.)

Week		Date	Lecture	Contents
1	Friday	26-Apr	1	Introduction & The Evolution of Apple Boards
2	Tuesday	7-May	2	Opening Case Opening Ivey case: What is an effective board?
	Friday	10-May	3	Board: Composition and Structure Concepts: Board composition and structure
3	Tuesday	14-May	4	Case Scenario: Design a board before Jumei's IPO @ NYSE International Corporate Governance- Europe, Japan and China Concepts: Board legal duties
	Friday	17-May	5	Board: Roles Concepts: Board roles, levels of engagement
4	Tuesday	21-May	6	Case 1: Columbia Business School Case I: Corporate Governance at Hewlett-Packard 1999-2005 Part I&II
	Friday	24-May	7	Board Selection, Diversity and Compensation Case 1: Columbia Business School Case I: Corporate Governance at Hewlett-Packard 1999-2005 Part III&IV Concepts: board selection, diversity and compensation
5	Tuesday	28-May	8	Case 2: Harvard Business Case II: executive compensation at GE (A)
	Friday	31-May	9	Board Diversity: Culture in the board Exercise: Power Distance Value in the Board Room Reference 1: Huang, Zhi., Zhu, Hong., & Brass, Daneil. 2017. Cross-border acquisitions and the asymmetric effect of Power Distance value difference on long-term post-acquisition performance. Strategic Management Journal, 38 (4): 972-991 Video: GUNO
6	Tuesday	4-Jun	10	Harvard Business Review: Culture clash in the boardroom Board: Evaluation and Removal Concepts: Board evaluation and removal
	Wednesday	5-Jun	11	Case: Ivey Case: Infosys: Peer review at board level
7	Tuesday	11-Jun	12	Board: Change to Partner with Management Case 3: Case Globalizing the company Boards: Lessons from China's Lenovo
	Friday	14-Jun	13	The Design of Chinese SOE Boards

				Case 4: Harvard Business School Case: Baosteel Group: Governance with Chinese Characteristics
8	Tuesday	18-Jun	14	A Startup Board: Growth
				Concepts: The growth of startups and board of startups
	Friday	21-Jun	15	A Startup Board: Case
				Case 5: Harvard Business School Case: Pixability: Bettina's Board Walk
9	Tuesday	25-Jun	16	A Startup Board: Three members
				Concepts: Create a new venture board with three members
	Friday	28-Jun	17	A Startup Board: Board Members and Meetings
				Concepts: Recruit board members and board meetings
				Wrap up & Opening case What is an effective board?
10	Tuesday	2-Jul	18	Final Group Presentations

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**Appendix A
In-Class Group Case Analyses: Peer Evaluation**

Case Title : _____

Student Name: _____

Student ID: _____

	Group Members' Names	Each member's full contribution is 100.
1	Member 1 (Your name)	100
2	Member 2	95
3	Member 3	60* (Please see comments below)
4	Member 4	120*(Please see comments below)

Comments

1) Did any group member make exceptionally strong contributions? Describe.

Group member 4 (120): provided insightful comments that add value and/or that we have not thought of.

2) Did any group member fail to make appropriate contributions? Describe.

Group member 3 (60) did not make efforts and did not provide quality answers.

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**Appendix B
Final Group Project: Peer Evaluation**

Final Project Title : _____

Student Name: _____

Student ID: _____

	Group Members' Names	Each member's full contribution is 100.
1	Member 1 (Your name)	100
2	Member 2	95
3	Member 3	60* (Please see comments below)
4	Member 4	120*(Please see comments below)

Comments

1) Did any group member make exceptionally strong contributions? Describe.

Group member 4 (120): provided insightful comments that add value and/or that we have not thought of.

2) Did any group member fail to make appropriate contributions? Describe.

Group member 3 (60) did not make efforts and did not provide quality answers.